

**United States Environmental Protection Agency
Criminal Investigation Division
Investigative Activity Report**

Case Number

0506-0026

Case Title:

Ferguson Enterprises Inc.

Reporting Office:

Detroit, MI, Resident Office

Subject of Report:

Addendum to November 18, 2010, Interview of (b)(6), (b)(7)(C)

Activity Date:

November 18, 2010

Reporting Official and Date:

(b)(6), (b)(7)(C) RAC

09-JUN-2011, Signed by: (b)(6), (b)(7) RAC

Approving Official and Date:

(b)(6), (b)(7)(C) SAC

10-JUN-2011, Approved by: (b)(6), (b)(7) ASAC

SYNOPSIS

On November 18, 2010, U.S. EPA CID SA (b)(6), (b)(7)(C) and FBI SA (b)(6), (b)(7)(C) interviewed (b)(6), (b)(7)(C) President of Lakeshore Engineering Services (LES). Also present during the interview was Assistant U.S. Attorneys Mark Chutkow and Bruce Judge as well as (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) counsel for LES. During the interview which focused primarily on issues of alleged extortion in the Detroit Water & Sewerage Department, (b)(6), (b)(7)(C) was also asked questions regarding (b)(6), (b)(7)(C) relationship and interactions with (b)(6), (b)(7)(C) and what role, if any, (b)(6), (b)(7)(C) held with LES. (b)(6), (b)(7)(C) made statements in response to these questions, but the interview was discontinued regarding this topic of questioning. An agreement was made between the participating parties during the interview to continue the course of questioning on this specific topic at a later date, at which time a separate report on that topic would be done. However, a follow up interview on this topic has not been conducted.

DETAILS

On November 18, 2010, U.S. EPA CID SA (b)(6), (b)(7)(C) and FBI SA (b)(6), (b)(7)(C) interviewed (b)(6), (b)(7)(C) President of Lakeshore Engineering Services (LES). Also present during the interview was Assistant U.S. Attorneys Mark Chutkow and Bruce Judge as well as (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) counsel for LES. During the interview which focused primarily on issues of alleged extortion in the Detroit Water & Sewerage Department, (b)(6), (b)(7)(C) was also asked questions regarding (b)(6), (b)(7)(C) relationship and interactions with (b)(6), (b)(7)(C) and what role, if any, (b)(6), (b)(7)(C) held with LES. (b)(6), (b)(7)(C) made statements in response to these questions, but the interview was discontinued regarding this topic of questioning. An agreement was made between the participating parties during the interview to continue the course of questioning on this specific topic at a later date, at which time a separate report on that topic would be done. However, a follow up interview on this topic has not been conducted. This report is an addendum to the November 18, 2010, interview report that reflects the following statements made by (b)(6), (b)(7)(C) regarding (b)(6), (b)(7)(C).

(b)(6), (b)(7)(C) stated that (b)(6), (b)(7)(C) does not work for LES and is personal friend of (b)(6), (b)(7)(C). (b)(6), (b)(7)(C) does not have an office at LES but did have an electronic key card to the building as (b)(6), (b)(7)(C) comes to meet people who are located in the same building. (b)(6), (b)(7)(C) was asked who (b)(6), (b)(7)(C) met with on such a regular basis that (b)(6), (b)(7)(C) would need a key card to the building. (b)(6), (b)(7)(C) responded that there are four not for profit organizations as well as (b)(6), (b)(7)(C) accountant, Anil Sakhuja in the building. (b)(6), (b)(7)(C) explained that when the LES office was located on 8 Mile Road (b)(6), (b)(7)(C) who lived nearby, had a key and would come and check on any alarms or building issues after hours for (b)(6), (b)(7)(C). (b)(6), (b)(7)(C) took back (b)(6), (b)(7)(C) key card to the building a few months ago due to the controversy over (b)(6), (b)(7)(C) frequent visits to the LES building and the allegation that (b)(6), (b)(7)(C) had written a letter to the City of Detroit on

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the behalf of LES. (b)(6), (b) was surprised when (b) learned of the allegation and had no knowledge of the letter. (b)(6), (b) was also not aware that (b) admitted to city officials that (b) had sent correspondence on behalf of LES to the city. (b) has reviewed paperwork which was filled out by LES in order to assist in expediting the demolition of structures in the city. (b)(6), (b) of LES is the person who interacted with (b) on this issue. (b)(6), (b) asserted that (b) never used (b) relationship with (b) to influence the awarding of contracts or assigning of work under existing contracts.

(b)(6), (b) said that (b) has never loaned (b) money. When asked about numerous properties which are listed under both (b)(6), (b) and (b)(6), wife's name as owners, (b)(6), (b) explained that (b) does own homes in common with (b)(6), wife. There are ten to fifteen homes total which after being renovated were leased to tenants. (b)(6), (b) commented that about half of these homes are now abandoned. (b)(6), (b) invested \$100,000 to \$150,000 in these properties while (b)(6), wife invested \$25,000 to \$30,000. (b)(6), (b) has never had an ownership interest in (b)(6), personal residence and has never talked with (b) of splitting the sale price of the homes. (b)(6), (b) was supposed to receive a higher percentage of the revenue but this was never formalized in an agreement. Both (b)(6), (b) and (b) pay the taxes on these properties, which are purchased at auction.

(b)(6), (b) (7) asked that this line of questioning be resumed at a later date as (b) was not aware of these issues prior to the interview commencing to which AUSA Chutkow agreed.